



PRESS RELEASE

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E.ON and Ceramic Fuel Cells (CFCL) welcome Heat and Energy Savings Strategy Consultation

Microgeneration collaboration perfectly suited to fresh policy

Ceramic Fuel Cells Limited (ASX / AIM: CFU), a global leader in fuel cell development, and E.ON, welcome today's Government announcement outlining a major review of its Heat and Energy Savings Strategy. The announcement signals a big increase in the Government's ambition for decarbonising heat use in the domestic sector, and reinforces its support for schemes such as the exclusive new agreement between CFCL and E.ON to develop and deploy fuel cell micro combined heat and power (mCHP) units in Great Britain.

Today's announcement by the Government gives further recognition that CHP must play a more prominent role in the UK's transition to a low-carbon economy. It highlights the introduction of securitisation and financing measures for the deployment of domestic-scale renewable and energy saving technologies, including micro CHP, and incentives for the development of renewable heat supply.

The new agreement between E.ON and CFCL (announced on 2 February) of a joint development project to commercialise mCHP units designed specifically for the UK market, is exactly the sort of low emission power and heat product that is being encouraged. The project, scheduled to run from 2009 to 2012, reinforces E.ON's position as a leader in new solutions for home energy. The commercial market launch in the UK is expected to follow thereafter and a potential future order profile – a minimum order of 100,000 units over six years from 2012 - has been agreed between E.ON and CFCL, which would secure E.ON's exclusive distribution rights for CFCL micro CHP units within the UK. The highly efficient new mCHP units, based on CFCL's GENNEX fuel cell module, are expected to be able to power a wide range of homes and help to reduce carbon emissions across the UK.

The UK has the largest boiler market in the EU with 1.6 million gas boilers sold here each year (source: BSRIA October 2008). Through initiatives such as that being developed by E.ON and CFCL, it is estimated that CHP has the potential to deliver 19 million tones of CO₂ savings by 2015 from existing sites and through new investment such as that outlined today (source: CHP Association estimates).

Bob Kennett, a CHP Association Board member and Non-executive Director of Ceramic Fuel Cells, said:

"We are delighted that the Government has once again stepped up its support for microgeneration and continues to recognise the important role this technology has to play in the UK's transition to a low-carbon economy. CFCL continues to lead the way in developing mCHP fuel cell technology and the support for schemes such as our collaboration with E.ON gives further backing to this technology becoming a commercial reality."

Charles Bradshaw-Smith, Head of Innovation at E.ON, added:

"The agreement with CFCL reflects two years' hard work to achieve a unit with a technical performance that has met all our targets. This technology signals that cleaner, more cost-effective energy in the UK home is closer than ever before."

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Notes to editors:

Ceramic Fuel Cells Limited is a world leader in developing solid oxide fuel cell (SOFC) technology to provide highly efficient and low-emission electricity from widely available natural gas and renewable fuels. CFCL is developing micro combined heat and power (m-CHP) products with leading appliance partners and utility customers in Germany (EWE and Bruns Heiztechnik), France (GdF/Suez and De Dietrich Thermique), the United Kingdom, Holland (Nuon and Remeha), and Japan (Paloma). CFCL is listed on the London Stock Exchange AIM market and the Australian Securities Exchange (code CFU). www.cfcl.com.au

E.ON Engineering Ltd

E.ON is one of the UK's leading power and gas companies – generating and distributing electricity, and retailing power and gas – and is part of the E.ON group, the world's largest investor-owned power and gas company.

E.ON employs around 18,000 people in the UK. E.ON's retail business is a leading energy supplier in the UK with around 5.5 million electricity and gas customers, covering domestic, SME and industrial. E.ON also offers central heating and boiler care. E.ON's distribution business, branded Central Networks, provides a reliable supply to 9.4m people in central England through 133,000km of underground and overhead cables – enough to go round the Earth more than three times – and via almost 97,000 substations.

E.ON covers an area from the Peak District in the north to parts of Bristol in the south, and from the Welsh Borders to the Lincolnshire Coast. E.ON is sponsoring The FA Cup, which is known as The FA Cup sponsored by E.ON. E.ON's generation business produces enough electricity to cater for the needs of around eight million homes from a portfolio of world-class gas-, coal- and oil-fired power stations. www.eon-uk.com